GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2900
ANSWERED ON:07.12.2001
EXTERNAL DEBT
GAJENDRA SINGH RAJUKHEDI

Will the Minister of FINANCE be pleased to state:

(a) the proportions between commercial and concessional credit in India`s external debt profile;

(b) whether the Government have made any efforts to increase the concessional debt so as to reduce interest charges;

(c) the details of the types of debt which India has in its external account;

(d) whether any steps have been taken to reduce India`s foreign debt; and

(e) if so, the details thereof?

Answer

Minister of State in the Ministry of Finance (Shri Balasaheb Vikhe Patil)

a) As per Government of India`s definition of concessional debt givenin the Status Report on External Debt and submitted to the Parliament in October, 2001, the share of outstanding concessional debt of India declined from 45.9 per cent of total external debt at end-March 1991 to 35.9 per cent at end-March 2001. However, as per the World Bank definition of concessional debt given in the Global Development Finance, 2001, the share of concessional debt in total external debt of India increased from 46.2 per cent at the end of 1990 to 47.3 per cent at the end of 1999.

b) The variations in the share of India`s concessional debt are largelydue to change in lending policies by bilateral and multilateral creditor institutions and liberalisation of external commercial borrowings policy in India. However, as per the World Bank classification of concessional debt, India`s share of concessional debt at 47.3 per cent at the end of 1999 is the highest among the top fifteen debtor countries, followed by Philippines at 25.7 per cent, Indonesia at 20.8 per cent and China at19.2 per cent. In order to minimize cost of external borrowings, the Government attempts to maximize commitments as well as utilization of loans from concessional sources.

c) India`s external debt outstanding position from major creditor sources as on end-March, 2001 is as under:

External Debt Outstanding as on March 31, 2001

Creditor Category	USD million
1. Multilateral	31,104
2. Bilateral	16,624
3. IMF	0
4. Export Credit	5,838
5. Commercial debt	24,203
6. NRI Deposits	15,432
7 Rupee Debt	3,693
I. Total Long term debt	96,894
II. Short term debt	3,462
III. Total external debt	100,356

d & e) India`s external debt management policy focuses on keeping the maturity structure as well as the total commercial debt under manageable limits, limiting short-term debt, retiring more expensive debts, and encourage non-debt creating financial flows and high growth rate of exports.